

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03  
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03  
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07  
CEA-01 EA-10 AGR-05 L-03 NEA-11 OES-07 /127 W  
-----003253 201654Z /72

R 201425Z JUN 78  
FM AMEMBASSY SOFIA  
TO SECSTATE WASHDC 4761  
AMEMBASSY BERLIN  
AMEMBASSY BELGRADE  
AMEMBASSY BUCHAREST  
AMEMBASSY BUDAPEST  
AXMBASSY MOSCOW 2415  
AMEMBASSY PRAGUE  
AMEMBASSY WARSAW

C O N F I D E N T I A L SOFIA 1182

E.O. 11652: GDS  
TAGS: BEXP, BU  
SUBJECT: COMMENTS BY DEPUTY FOREIGN TRADE MINISTER GINEV

1. DEPUTY MINISTER OF FOREIGN TRADE GINEV, ACCOMPANIED BY OFFICE DIRECTOR TOROMANOV AND US DESK OFFICER KALINOWSKI, ON JUNE 1 RECEIVED VISITING DAS LUERS, ACCOMPANIED BY AMBASSADOR GARTHOFF. THIS IS THE FIRST EXTENSIVE CONTACT WITH GINEV SINCE HE HAS RECENTLY ASSUMED THE ROLE OF DEPUTY MINISTER RESPONSIBLE FOR OVERSEEING FOREIGN TRADE WITH THE US AND OTHER ADVANCED WESTERN COUNTRIES. HE WAS FRANK AND FORTHCOMING IN A USEFUL DISCUSSION.

2. GINEV WAS EITHER UNABLE OR UNWILLING TO ANSWER A QUESTION BY LUERS AS TO THE PROPORTION OF BULGARIAN FOREIGN TRADE WITH THE ADVANCED INDUSTRIAL WESTERN COUNTRIES, BUT INSTEAD REPLIED THAT BULGARIAN TRADE WITH ALL NON-SOCIALIST COUNTRIES (I.E., INCLUDING UNDERDEVELOPED COUNTRIES) AMOUNTED TO 25 PERCENT OF THE TOTAL. HE STATED THAT BULGARIA WISHES TO SEE THAT PROPORTION OF TRADE WITH NON-SOCIALIST COUNTRIES, AND SPECIFICALLY WITH THE US, INCREASE. HE EMPHASIZED THAT BULGARIA IS NOT A CLOSED ECONOMIC SYSTEM IN TERMS OF COMMERCE. GINEV NOTED MUCH GREATER BULGARIAN TRADE WITH SUCH COUNTRIES AS THE FRG, FRANCE, ITALY AND JAPAN. HE

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COUNTRIES (I.E., INCLUDING UNDERDEVELOPED COUNTRIES) AMOUNTED TO 25 PERCENT OF THE TOTAL. HE STATED THAT BULGARIA WISHES TO SEE THAT PROPORTION OF TRADE WITH NON-SOCIALIST COUNTRIES, AND SPECIFICALLY WITH THE US, INCREASE. HE EMPHASIZED THAT BULGARIA IS NOT A CLOSED ECONOMIC SYSTEM IN TERMS OF COMMERCE. GINEV NOTED MUCH GREATER BULGARIAN TRADE WITH SUCH COUNTRIES AS THE FRG, FRANCE, ITALY AND JAPAN. HE

EXPRESSED THE BELIEF THAT BQGARIA COULD POTENTIALLY BECOME A TRADE PARTNER WITH THE US ON THE SAME SCALE AS POLAND AND HUNGARY. HE NOTED THE ADVERSE EFFECT OF UNEQUAL DISCRIMINATORY TARIFFS ON THIS PROSPECT.

3. LUERS COMMENTED THAT EVEN WITHOUT MFN HE BELIEVED THERE WAS CONSIDERABLE OPPORTUNITY TO DEVELOP TRADE. HE NOTED THAT WHILE THE JACKSON-VANICK AMENDMENT MIGHT NOT REMAIN INDEFINITELY, THERE WERE OTHER POSSIBILITIES AS INDICATED BY THE DEVELOPMENT OVER TIME AND UNDER APPROPRIATE CONDITIONS OF THE RECENT TRADE AGREEMENT BETWEEN THE US AND HUNGARY.

4. GINEV NOTED A NUMBER OF CIRCUMSTANCES WHICH HE THOUGHT SHOULD BE TAKEN INTO ACCOUNT, INCLUDING THE ABSENCE OF ANY OFFICIAL BULGARIAN DEBTS TO THE US, ABSENCE OF DISSIDENCE, ABSENCE OF WOULD-BE JEWISH IMMIGRANTS, AND ABSENCE OF BULGARIAN GOLD IN FORT KNOX. HE RECALLED AMEMO GIVEN TO AMBASSADOR ANDERSON BY PRESIDENT ZHIVKOV 15 YEARS AGO WHICH THEY REGARDED AS STILL VALID.

5. GINEV STATED THAT OVERALL BULGARIAN TWO-WAY FOREIGN TRADE AMOUNTED TO \$14 BILLION A YEAR OF THIS, TRADE WITH THE USSR WAS \$4.5 BILLION. IN THE IMPORTANT MACHINE BUILDING SECTOR, BULGARIA EXPORTS 40 PERCENT OF ITS PRODUCT, AMOUNTING TO 1.2 BILLION, TO THE USSR. GINEV ENVISAGED THE POSSIBILITY OF PROVIDING THIS SAME PERCENTAGE TO THE

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WEST IN TEN YEARS--40 PERCENT OF METALLURGY, CHEMICALS, MACHINE

BUILDING, AND ELECTRONICS OUTPUT. HE AGAIN STRESSED THAT JAPANESE, FRG, FRENCH, AND ITALIAN FIRMS WERE ACTIVE, BUT VERY FEW FROM THE US. HE PROJECTED A DOUBLING OF TRADE

ON THE ORDER OF \$40 MILLION IN THE FIRST YEAR AFTER BUPLGARIA WOULD RECEIVE MFN.

6. LUERS NOTED THAT WE WOULD LIKE TO SEEK IMPROVEMENT IN RELATIONS CONTRIBUTE TO INCREASED TRADE. HE WAS PLEASED TO HEAR GINEV'S ENTHUSIASM FOR EXPANDING BULGARIAN-AMERICAN TRADE. HE NOTED THAT IT IS THE POLICY OF THE CARTER ADMINISTRATION TO DEAL WITH EACH COUNTRY INDIVIDUALLY ON THE MERITS OF RELATIONS WITH THAT COUNTRY. (AT THIS POINT, GINEV MADE SURE THAT KALINOWSKI WAS TAKING FULL NOTES ON THE CONVERSATION.)

7. THERE WAS ALSO BRIEF DISCUSSION OF THE FORTHCOMING MEETING OF THE BULGARIAN-US ECONOMIC COUNCIL TENTATIVELY SCHEDULED FOR THE END OF AUGUST OR BEGINNING OF SEPTEMBER.

8. COMMENT: THIS MESSAGE HAS BEEN PREPARED WITHOUT

OPPORTUNITY FOR CLEARANCE BY DAS LUERS. IN CONJUNCTION  
WITH THE COMMENTS OF DEPUTY FOREIGN MINISTER TSVETKOV  
(SEE SOFIA 1063), GINEV'S REMARKS FURTHER CONTRIBUTE TO  
INDICATIONS OF CONSIDERABLE BULGARIAN INTEREST IN EXPANDING  
TRADE WITH THE US, AND SUGGEST POSSIBLE BULGARIAN INTEREST  
IN EXPLORING THE POSSIBILITY OF ACQUIRING MFN IN A MANNER  
PARALLELLING THE HUNGARIAN-US TRADE AGREEMENT.  
GARTHOFF

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NNN

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